

Partnership Development Process

Introduction:

As traffic and travel increase, so do demands for transportation improvements. Governments, planning and economic development organizations and transportation professionals simply do not have enough resources to keep up.

The Missouri Department of Transportation (MoDOT) offers a variety of alternative financing options that make money available for transportation projects serving a public purpose, including: highway and rail projects, transit equipment, air and water transportation facilities and elderly/handicapped vehicles.

The process to utilize these innovative funding mechanisms is described in this document, including a Dispute Resolution Process (see Appendix A) that may be utilized at any point throughout this process.

STEP 1 **Concept Formation**

Transportation Need Identified:

Frequently throughout Missouri, a wide variety of individuals and public entities are recognizing emerging transportation system demands for which insufficient state revenues exist to build.

These transportation customers come from both the public and private sectors. Political subdivisions such as cities and counties as well as metropolitan planning organizations or regional planning councils are typical public-sector need identifiers. In the private sector, developers and large commercial interests are the most common need identifiers.

Transportation needs are typically identified in three general categories: the need to improve or upgrade the existing system; the need for an addition to the existing system; or the need to accelerate a planned project. Perceived needs are presented to MoDOT at various offices and locations. Most often identified needs come from outside of MoDOT and have had very little or no state-level review.

Identify Partner(s):

Both the partners and MoDOT must identify (a) representative(s) or point(s) of contact for future communication and staffing. Identifying specific individuals rather than groups or agencies is critical to have successful communication throughout the project.

State Lead:

For certain unique and high profile projects, the MoDOT chief engineer will designate a state lead (and where appropriate a task-oriented project team).

District Lead:

As a general rule, the MoDOT lead for newly identified projects will be the district engineer of the MoDOT district where the project is located. When a project crosses district boundaries and

is contained within two districts, the district engineer having the largest portion of the project in their district will serve as the district lead.

External Lead:

When a group or agency external to MoDOT recognizes a need, an important part of that initial need identification process is the selection of a primary, individual representative for the group or agency. This sole point of contact will serve as the person to communicate the needs, desires and resources of the group or agency. This lead must be knowledgeable and accessible, with the authority to speak on behalf of a potential external partner.

District Lead Call for Appropriate Team and Shares Information:

Upon the identification of a transportation system need and the naming of a district lead and an external lead, the district lead will convene the fact-finding meeting. The purpose of this meeting is to identify a list of assumptions needed to make a determination whether the project is or is not a benefit to the state transportation system. Assumptions in such key areas as; available resources; feasibility; public sentiment surrounding the proposed project; timing for the proposed project are important. The group must determine the overall viability of the proposed project.

Meeting should be within one month of original contact.

Is the Project a Benefit to the State Transportation System?

Using information gathered at the fact-finding meeting, MoDOT makes a determination of whether or not a project is a benefit to the state transportation system. This step is a MoDOT exclusive process, because only MoDOT has the authority to make this judgment.

Option 1 The project has been identified on the current Statewide Transportation Improvement Program (STIP) and Transportation Improvement Program (TIP) (in Transportation Management Areas). The project proceeds with Step 2.

Will immediately advance to Step 2 and project sponsor notified.

Option 2 The district engineer or delegate has identified the need as being a benefit to the state system, although, the project is not yet on the STIP/TIP. The project may advance to Step 2.

Will immediately advance to Step 2 and project sponsor notified.

Option 3 The district engineer or delegate cannot determine if the project is a benefit to the state system. The project sponsor assumes responsibility for the cost of traffic or other studies so a benefit determination can be made. If the project is determined to be a benefit to the state system then the project may proceed with Step 2. If the project is not a benefit to the state system, and the project sponsor assumes the entire cost and project responsibility, then the project can proceed to the PERMIT process. If the permit process is completed and detriments to the system are non-existent or mitigated, the project may proceed to Step 2, or continue without MoDOT participation.

Within two weeks, MoDOT will respond back to the project sponsor that more information is necessary to justify the project's benefit to the state transportation system. After receiving the additional information (i.e.: traffic study, economic benefit study, etc.) two weeks will be granted for MoDOT to review the additional information and respond back to the project sponsor on what, if any, additional steps need to be taken.

STEP 2

Scope Cost Decision Point/Document Assumptions

Memorandum of Understanding

To move from a concept addressing a need to project scope requires preparation of a preliminary plan, schedule and estimate. To accomplish these tasks and investigate innovative financing, both project planning and financial feasibility must be explored.

A *Memorandum of Understanding* (MOU) is useful to document who will be responsible for individual tasks, schedules, division of costs and scheduling regular meetings to discuss progress.

Below are listed some of the types of issues that should be addressed.

The goal should be to have a Memorandum of Understanding executed by the city within two months of the approval date and executed by the MHTC the following month. The MOU will then spell out the schedule and tasks necessary to have the project proceed to Cost Share Committee approval.

Planning:

Projects on the state highway system must meet MoDOT's design standards and are subject to the same approval process as projects fully funded by MoDOT and/or Federal Highway Administration (FHWA). Determining the scope is an important step in developing what will be included in a project, the schedule for completion and the cost. The deliverables of the scoping process are:

- **Environmental Screening**

Early on, a preliminary investigation of historical, environmental, archaeological and social impacts within the project area should be conducted. This initial screening will determine what additional environmental work is necessary and what level of scrutiny – Categorical Exclusion (CE), Environmental Assessment (EA) or Environmental Impact Statement (EIS) will be required.

The CE, EA and EIS are detailed documents, in accordance with the National Environmental Policy Act, that describe the proposed project and its purpose and need; the existing natural, man-made, social and economic environments; and the project's known and anticipated impacts on those environments. Items considered include the effect on streams, wetlands, wildlife, land use, noise, historic properties, public lands, etc. Also included is an analysis of alternatives that might avoid some or all of the adverse environmental effects and of measures that minimize unavoidable impact. The document also details how the public and other agencies were involved in the decision-making process.

- **Traffic Study**

A traffic study considers current and projected traffic counts, along with an analysis of travel patterns. Recommendations for changes are modeled and impact on levels of service are predicted with letter designations of A through F – “A” being the best and “F” the worst.

- o Level of Service (A): represents free flow
- o Level of Service (B-C): is generally considered adequate
- o Level of Service (D): appreciable delays
- o Level of Service (E): ready for breakdown at any moment
- o Level of Service (F): representing total breakdown

[Acceptable levels of service are different in urban and rural areas due to driver expectations associated with higher traffic volumes.]

- **Conceptual Plans**

Plans showing reasonably expected right of way, grading, drainage, structures, pavement and traffic control to accurately reflect the project.

- **Preliminary Cost/Schedule**

Preliminary estimates and schedules can be derived from the Conceptual Plans.

As the project scope and cost estimates come into focus, Financial Services staff must examine the project's financial feasibility and the various financing scenarios. This phase includes looking at the programs currently administered or overseen by MoDOT as well as any unique financing that can be used to provide a means to quickly and cost effectively fund the project

Practical financing options include, but are not limited to, the following:

- **Donated Services** – the donation of services such as design or maintenance work.
- **Donated Right of Way** – the donation of land needed to construct the project, which can be included in an applicant's share of project costs.
- **Trade Land** – trading land with MoDOT.
- **Taking over a MoDOT Road** – Taking over the ownership and responsibility for future maintenance of a MoDOT road and having an agreed-upon amount credited towards local responsibility in a cost-share project.

Financing options look at the actual means of funding the project. These options include, but are not limited to, the following:

- **Transportation Development Districts (TDDs)**– temporary, local, political subdivision that can be authorized by a vote of the public or all owners of real property affected by the district to plan, develop, finance and levy taxes for a particular transportation project.
- **Transportation Corporations (TCs)** – specialized, temporary, private, not-for-profit corporations that can be organized to plan, develop and finance a particular transportation project.
- **Cost-Share Program** – MoDOT committing to a portion of the project cost for projects not on MoDOT's five-year STIP but which benefit the state system.
- **Economic Development Program** – a method of funding projects that have an economic benefit to a given area.
- **Missouri Transportation Finance Corporation (MTFC)** – borrowing funds for a transportation project.

- **State Transportation Revolving (STAR) Fund** – borrowing funds for a multi-modal project.
- **Transportation Infrastructure Finance and Innovative Act (TIFIA)** – borrowing funds from the FHWA to fund a transportation project.
- **Other Debt Financing** – all other means of incurring debt to be repaid by the borrowing entity. Private Activity Bonds, General Obligation Bonds and Bank Loans, for example, fall into this category

As decisions are made on which means of funding will be used for the project, the appropriate steps to complete that portion of financing will begin. All assumptions will be compiled and Financial Services staff will develop a financing plan based on this information. As assumptions change, the plan will be updated to show these changes and how it affects the financial feasibility of the project.

STEP 3

Application Process

In Step 3, all reports, forms and letters are completed, assembled and submitted in order to complete the application process for project funding.

One hard copy and one soft copy of the application should be submitted to the district engineer (DE) and Financial Services staff at partner@modot.mo.gov. MoDOT recommends that applicants study this application before completing it to ensure documents are properly formatted and presented.

Your complete application packet should include:

- Completed Application Form
- Engineering Studies
- Environmental Studies
- Traffic Studies
- Public Consent Summary
- Financial Feasibility and Funding Plan

The schedule in the MOU should indicate when the application will be complete and submitted to the DE. The schedule should take into account the Cost Share Committee meeting dates and the application deadline dates.

The application form should be completed and submitted in conjunction with the local MoDOT district office and local planning agency (Metropolitan Planning Organization (MPO) and/or Regional Planning Commission (RPC)), and should include a letter of support from applicable partners, including all entities listed above. For projects presented through the Missouri Department of Economic Development (DED), a letter of support and DED-completed analysis of the proposed project are also required.

STEP 4

Total Project Commitment

The following steps outline what can be expected as an application is processed, as well as what steps will need to be taken to ensure appropriate elections and agreements are completed.

- A) **Cost Share Committee** – Each application will be reviewed by MoDOT’s Cost Share Committee. Committee members are MoDOT’s chief engineer, assistant chief engineer and chief financial officer. The Cost Share Committee meets quarterly to review cost-share and economic development applications. All other partnership development programs are considered on an as-needed basis. Factors considered during this review include:
 - Completeness of application
 - Relevance to state system
 - Relevance to local, regional and statewide development
 - Cost benefit to the state
 - Commitment of private and public partners to the project
- B) Major project prioritization through the Planning Framework
 - Only for cost share projects over \$40,000,000
- C) **Election** – If a local election is required to initiate certain types of financing, the applicant should coordinate through Financial Services staff and the applicant’s local/county clerk.
- D) **Loan Approval** – For the following types of projects, loan approval is required as follows:
 - MTFC (MTFC board approval)
 - STAR (MHTC approval)
 - TIFIA (FHWA approval)

Application and letter of intent for these loans should be submitted to MoDOT’s district engineer.

- E) **Agreements** – After elections and/or loan approval stages, the information is collapsed into a formal agreement to be signed by authorizing parties.

Agreements are between appropriate parties and include activities such as:

- Road trades and relinquishments
- Utility agreements
- Donating right of way
- Concessions

Examples of different project agreements include:

- Loans
- Cooperative
- Cost Share
- TIFIA

Once a project wins Cost Share Committee approval and practical and/or formal agreements are signed, the next step is a presentation of the final application packet and all signed agreements to the Missouri Highways and Transportation Commission (MHTC) at its monthly meeting. This presentation will be facilitated by the district engineer, who will review each packet to guarantee completeness, submit it to the MHTC, have the presentation added to the meeting agenda and coordinate presentation of the information before the MHTC.

Once approved by the Cost Share Committee, the project goes through the normal project delivery process and is placed on the STIP/TIP.

Appendix A

Dispute Resolution Process

The dispute resolution process provides MoDOT's transportation partners with guidance on how to resolve project disputes and may be used at any point while pursuing innovative financing for a transportation project. As developed, the process has five basic principles:

- Resolve disputes at the lowest level possible.
- Resolve any dispute in a timely manner.
- Disputes are a professional, not a personal matter.
- All parties must agree to the spirit of the dispute resolution framework.
- "The decision of the judges is final."

The transportation partner will need to discuss the issue with the district engineer and provide the DE with the necessary documentation supporting their concerns. This documentation may include a cost estimate of items, traffic study showing projected traffic congestions or maintenance cost of the existing facility compared to the proposed improvements. The DE will review the documentation and make a decision regarding the dispute. The DE will send a letter to the transportation partner explaining the decision made. Every effort will be made to solve the dispute at this level.

If the dispute cannot be resolved, the DE will set a meeting for the transportation partner to discuss the issue with the chief engineer. For this meeting, the transportation partner will need to provide all necessary documentation supporting their concerns to the chief engineer. This documentation may include a cost estimate of items, traffic study showing projected traffic congestions or maintenance cost of the existing facility compared to the proposed improvements or any other documentation that supports their claim. The chief engineer will review the documentations and make a decision regarding the dispute. Within two weeks of the meeting, the DE will send a letter to the transportation partner explaining the decision made by the chief engineer or advising that more time will be needed.

If the dispute is not resolved at this level, the DE will set a meeting for the transportation partner to discuss the issue with the Cost Share Committee. The Cost Share Committee consists of the chief engineer, chief financial officer and assistant chief engineer. Again the transportation partner will need to provide the necessary documentation supporting their concerns as noted above to the Cost Share Committee. Within two weeks of this meeting, the DE will send a letter to the transportation partner explaining the decision made by the Cost Share Committee. This decision will be final.